



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 11, 2001

CERTIFIED RETURN RECEIPT

7000 0520 0023 0993 8358

William J. Adams
Kennecott Utah Copper Corporation
12000 West 2100 South
P.O. Box 6001
Magna, Utah 84044-6001

Re: Five-Year Review of Reclamation Surety Estimate, Kennecott Utah Copper Corporation, Pine Canyon/Carr Fork Mine, M/045/004, Tooele County, Utah

Dear Mr. Adams:

Thank you for providing the requested information regarding the five-year review status of your Pine Canyon/Carr Fork Mine, located in Tooele County, Utah. The last surety estimate for this mine was \$82,400 in 1997 dollars. Upon review of the information furnished by Kennecott Utah Copper Corporation, which stated that there had been minor changes at the site, we find we only need to escalate the present bond for a five-year period. These minor changes to the site have been incorporated into the escalated bond amount.

The surety for the Pine Canyon/Carr Fork Mine escalated to the year 2006 is \$120,800. A Surety Estimate Update is attached for your use. Please provide the updated surety within 60 days or no later than December 11, 2001.

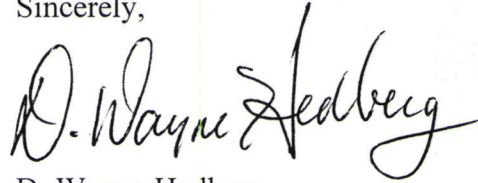
If you provide a rider to the existing surety, only a minor change to the Reclamation Contract would be necessary; no other paperwork will be required. However, if you choose to post another form of surety, please contact Joelle Burns at (801) 538-5291 to obtain the current bonding forms or you may access the current forms on the internet at www.nr.utah.gov. If you choose to post a new form of surety, you will also need to replace the Reclamation Contract, which is found on the web along with the bonding forms.

If you are unable to provide the surety within this timeframe, please contact the Division with justification for requesting additional time. Thank you for your help in keeping the surety

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current. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,

A handwritten signature in black ink that reads "D. Wayne Hedberg". The signature is written in a cursive style with a large, prominent "H" and "B".

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Attachment: Surety estimate update
cc: Doug Jensen, DOGM
M45-04-bond-escal.doc

RECLAMATION SURETY ESTIMATE*Kennecott Utah Copper*

last revision

10/11/01*Pine Canyon Mine*

filename M045-004.WB2

*M/045/004**Tooele County*

Prepared by Utah State Division of Oil, Gas & Mining

Unit costs have been escalated utilizing Means historic escalation figures to reflect 2001 costs for each activity

Reclamation of 3 power poles, 200 ft of 16 inch pipe, & a 7' X 25' concrete pad added since last bond estimate included as a part of this bond.

Note: actual unit costs may vary according to site conditions last unit cost update 2-Aug-2000

<u>Activity</u>	<u>Quantity</u>	<u>Units</u>	<u>\$/unit</u>	<u>\$</u>
Flume Removal	10,210	LF	2.50	25,525
Waste Rock Removal	500	CY	6.25	3,125
Power Pole Demolition	33	poles	225.00	7,425
Railroad Track Removal	500	ft	17.25	8,625
Construct Retention Berms	2892	CY	1.64	4,743
Construct Portal Bulkhead	18	LF	130.00	2,340
Backfill Portal	595	CY	3.95	2,350
Concrete Box Demolition	256.0	SF	16.50	4,224
Pad Area Cover Ripped w/12" Topsoil	200	CY	3.95	790
Headframe Openings & Hardware		sum		5,000
Scarify Area	6.5	acre	150.00	975
Apply Fertilizer	6.5	acre	875.00	5,688
Seeded Area	6.5	acre	612.00	3,978
Apply Mulch	6.5	acre	1087.00	7,066
Apply Urea	6.5	acre	362.00	2,353
Riprap	22.0	CY	55.00	1,210
Monitor area for 3 Years	12	days	200.00	2,400
Miscellaneous Projects not Listed		sum		750
Demolish & Remove 7' X 25' concrete pad		sum		500
General site cleanup & trash removal	3.3	acre	50	165
Equipment mobilization	3	equip	1000	3,000
Reclamation Supervision	5	days	386	1,930
		Subtotal		94,161
10% Contingency				9,416
		Subtotal		\$103,577
Escalate for 5 years at 3.12% per yr				17,198
		Total		\$120,776
		Rounded surety amount in yr 2006-\$		\$120,800

Miscellaneous Projects not Listed

Demolition of boxes & pipe along flume
 Construction of tunnel discharge channel
 Ripping pad area near portal
 Constructing asphalt water bar
 Crimping mulch
 Erosion control mats for berm spillways